



TOWN OF WINCHESTER – CITY OF WINSTED

Town Hall – 338 Main Street

WINSTED, CONNECTICUT 06098

MAR 12 2015

**Minutes of Regular Meeting
Water & Sewer Board
Probate Conference Room, Town Hall, 338 Main Street, Winsted
March 10, 2015**

Call to order was made by Chairman Richard Nalette at 7:00 p.m. The following members were present: Richard Nalette, John Massicotte, Tim Moran, and David Villa. Also present were Jim Rollins - Director of Public Works, Brenda Fox-Howard – Finance Director and Dale Martin – Town Manager. Tim O'Meara was absent excused.

Public Input – none

Motion by T. Moran to add approval of the minutes of February 10, 2015. Second by J. Massicotte. **Vote:** All in favor - *motion carried unanimous.*

Motion by T. Moran to approve the minutes of February 10, 2015. Second by D. Villa. **Vote:** All in favor - *motion carried unanimous.*

Update on Financials from Town Manager and/or Finance Director: Mrs. Fox-Howard provided Bank of America bank statements through February of this year; also provided copies of revenue and expense reports from July 1, 2014 through March 10, 2015; noted the expenses show the “due to”; added that payroll for February is not included since it's not posted yet; also had a copy of the 2013 King & King audit summary. D. Villa distributed a letter addressed to the Chairman; apologized for the late communication; noted the commentary is not directed at anybody; is not reflective of the past but how to proceed into the future; would like to get a concise set of records as requested in his letter – where the Board sits, how to strategically plan (repairs, improvements, etc.), what does the Board own (value, depreciation, extent of liability, etc.); the billing cycle was at the beginning of January yet didn't get the bills until the 1st week of February, the Board pays for services – we're giving ratepayers 90 days of service plus 2 months of billing; the structure is not consistent with the fiscal year – bill in one year and collected in another; should have been \$319,000+/- in operations as of July 1st; his interest is not to create work for Town employees but to establish a benchmark that ratepayers and the Board have a clear understanding of what we have; this Board is not bonded; his interest is to get past the crime and craft an augmentation to the agreement to the Town (particularly the billing cycles); want to know what happened prior to June 30th; need to know safeguards and how we can create an environment with no questions. Mr. Martin responded the annual audit answers most of your questions with the June 30th date. Mrs. Fox-Howard explained work is in process – including numerous changes to finance office procedures, check and balances, etc.; working to engage departments though the year; the Water & Sewer Commission starts in the hole but the Board can put capital projects in the budget – work something out with the Town to keep working through paying the Town back. Mr. Martin said the Town has developed an accounting manual to formalize the procedures; bonding of Commissioners is solely based on the Board; Statute says employees that handle cash (Tax Collector, Assistant Tax Collector, Finance Director, Town Manager, etc.) are bonded; there are no statutory requirements for members of the Board. Mrs. Fox-Howard said it would probably be

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required if the Board was completely independent. Discussion followed regarding the Board's ability to spend money, the public's impression of the Board's actions, dispelling myths, etc. Chairman Nalette asked Mr. Martin to look into the cost of bonding Commissioners. Mr. Martin suggested investigating what other water and sewer authorities do regarding bonding. Brief discussion followed regarding Selectmen not bonded either, lack of public interest, etc. D. Villa said he is always available if there are questions on his memorandum; said if every safeguard fails, an after-action discussion reveals how to prevent future occurrences; suggested creating a suspense file where documents can be kept for easy review. Mrs. Fox-Howard suggested putting those documents on the Commission's webpage. D. Villa said the Board needs to show ratepayers what is being done to prevent such a loss. Mrs. Fox-Howard noted the accounting policy is not an "end all – be all" but is a work in progress; noted the Town did change to Webster Bank for billing to earn more money and pay less in fees; the lockbox was in Boston with Bank of America; it's now in New Britain; this did cause a delay in the billing cycle; was wrangling other issues at the same time; did have a good team (Robin, Cindy, etc.); 2014 audit is almost done; offered to meet with individual Board members to address their concerns. D. Villa said he will defer to the Chairman's knowledge so he will continue to go through the Chairman; the intention is to clear the air and take the devil's advocate position for the ratepayers.

J. Massicotte said the 2013 audit, page 27, refers to \$3 million budgeted but \$2.8 million spent – where does the fund balance go? D. Martin said those retained earnings are applied to depreciation and past expenses. Discussion followed regarding money paying down debt, past revenues didn't cover expenses, providing reports of expenses to the Board, budgeting, creating a capital project budget, inviting the auditor in to explain the water and sewer budget, recent rate increase based on recommendations of the auditor, etc. Mr. Martin said when the next audit is finished, will come back to the Board and explain in layman's terms; added the method of budget construction is archaic. Discussion followed regarding when the water and sewer side pays the Town (approximately November and May) and creating better transparency to solve problems.

J. Massicotte said he is also concerned with the payout of people retiring from the Town. Extensive discussion followed regarding budgeting the full amount every year, using retained earnings, unassigned balances, water and sewer money does not get mingled with the Town's money, structuring for people retiring or leaving the Town's service, man hours not being accurately coded/applied, improvements made in reporting man hours, whether the water & sewer side is making or losing money this year, budgeting for depreciation and payout of unused sick, vacation and personal time upon retirement/termination.

J. Massicotte asked if the Board can be included in contract negotiations. D. Martin said the water and sewer employees have filed paperwork to split off from the Public Works union; noted the Board is welcome to sit in on negotiations; elaborated on the reasons for the split; still waiting for the decision from the State.

Old Business - none

New Business - none

Motion by T. Moran to adjourn. Second by R. Nalette. **Vote:** All in favor - *motion carried unanimous.* **Meeting adjourned at 8:15 p.m.**

Minutes Respectfully Submitted,
Laurie Bessette, Minutes Secretary

Next Regular Meeting:

Probate Room
Tuesday, April 14, 2015
7:00 p.m.